This report looks at the following areas:

- The impact of the cost of living crisis on the coffee retail market.
- The outlook for the market in the re-emergence from the pandemic and recovery up to 2027.
- The latest new product development trends.
- Coffee purchasing and how this behaviour would be affected by the need to save money.
- Consumers’ behaviours and attitudes towards coffee.
- Consumers’ behaviours related to caffeine.

There is a long way to go for lab-grown coffee to be able to compete with the real thing in terms of taste and affordability, since it’s only just getting off the starting blocks. However, that half of coffee buyers/drinkers aged under 45 say they would be interested in trying lab-grown coffee is very promising for the transition of this concept from science fiction to reality.

The many years of continuous volume growth in coffee retail sales are set to come to an end in 2022, underpinned by both the end of COVID-19 restrictions, which has reduced at-home drinking occasions, and the cost of living crisis. The high levels of inflation in coffee in 2022 have made the category especially vulnerable to cutbacks.

Challengingly for the coffee market, a sizeable 39% of consumers who drink and buy coffee are trying to reduce their caffeine consumption. This is primarily driven by concerns over this ingredient’s impact on sleep and emotional wellbeing. That penetration of decaf coffee is not higher than a third among these caffeine-reducers reflects a preference to drink less coffee than switch to decaffeinated options.

NPD, as well as overcoming concerns around the decaffeination process, will be key to unlocking the sizeable growth potential of decaf coffee. Given strong demand for more choice of decaf coffee products among both drinkers and

"A reversal in the previously flourishing coffee retail market’s performance in 2022 is underpinned by the end of COVID-19 restrictions and cutbacks amid the cost of living crisis. Many consumers’ efforts to consume less caffeine also present a challenge."

- Emma Clifford, Associate Director – Food and Drink Research, October 2022

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